

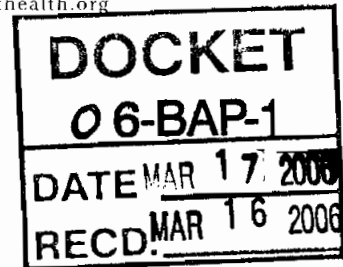


CALIFORNIA FORESTRY ASSOCIATION

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March 17, 2006



Ms. Susan Brown, Project Manager
California Energy Commission
1516 Ninth Street – MS 41
Sacramento, CA 95814-5512

**Re: Comment regarding Recommendations for A Bioenergy Action Plan
for California; "Docket 06-BAP-1"**

Dear Ms. Brown:

California Forestry Association appreciated the March 9, 2006 workshop and opportunity to provide written comment regarding California Energy Commission's (CEC) recommended policy actions for "A Bioenergy Action Plan for California" dated March 2006 (CEC-600-2006-004-D).

First, we applaud the effort of Navigant Consulting. The draft report and the presentation March 9 were first rate. We offer a few general comments on the document followed by some specific suggestions as to "tasks" that will need to be undertaken to make some of the specific recommended "actions" realities.

General Comments:

The draft Report is not a "Plan". The draft Report needs an introductory paragraph to explain that what it is and is not. The draft Report is a compilation of well-thought-out recommended policy statements. There is little or no substance of a "Plan" of how to achieve the recommended policies.

The Report should specify that a follow-up detailed document providing specific tasks to implement each recommended policy statement would be forthcoming. It would have been impossible for Navigant Consulting to accomplish a draft "implementation plan" in the six weeks or so that they had to complete the draft Report.

Since there are no proposed "tasks" to achieve the policy recommendations in the draft Report, we will not go into great detail regarding the lack of implementation specificity for each of the Tier 1 and Tier 2 recommended actions.

We will assume that CEC will produce an "Implementation Plan" once the recommended policy statements are finalized. We, of course, request that CEC provide the public the opportunity to review and comment on any proposed "implementation plan".

The draft Report should be renamed "Recommendations for A Bioenergy Policy for California".

Specific Comments to Tier 1 Recommendations (pp. 36-40):

#1(a) – Obviously in order to achieve 2 billion gallons of biofuel will require a laundry list of complex, difficult tasks. It's not clear whether or not this will be an attainable policy statement until detailed benefit/cost analyses are completed.

#1(b) – Quadrupling the existing operating biomass capacity will require a complicated total change in U.S. Forest Service management policy on the national forests in the Sierra Nevada Mountains. This "task" is outlined in great detail below.

#1(c) - "Creating a favorable regulatory environment" is hardly even a vague policy statement. Clearly to be an implementable action, this statement needs more quantitative identity. A meaningful policy statement might be "reduce the 2005 cost of obtaining all necessary permits for any bioenergy development by 50 percent". Then an implementation set of tasks of how to achieve that would follow.

#1(d) – CPUC needs to "assure" that utility contract rate renewals are at a price that will sustain the existing biomass infrastructure.

#1(e)(1) – CEC should be cautious in expending scarce monetary resources on research, demonstration projects, and pilot projects of production technologies that are "bench test" at best today. The Federal Government is pouring millions annually into this policy statement. This recommendation should be eliminated and the focus should be on recommendation "2(b)".

#1(h)(1) – The portion of this recommendation regarding "gain better access" is unclear. If it is to be taken literally, the suitable forestlands on the national forests and the private industrial lands are already roaded. Significant reconstruction on some of the national forest road network will be needed to safely accommodate chip van traffic.

#1(h)(2) – More research is unnecessary. We already know the highest value uses for forest fuel and harvest residues. As new technology is commercially developed, simple benefit/cost analyses can be done at that time. The State's scarce monetary resources need to go toward collection, processing, and transportation of forest biomass to a power plant.

#3 - An in-depth micro-level benefit/cost analysis needs to be done before funding mechanisms are offered as policy statements.

Specific Comments to Tier 2 Recommendations (pp. 40-42):

#1(a) and (b) – A comprehensive “State” RD&D policy needs careful thought. The Federal Government, which is the appropriate place, is already pouring millions annually into this endeavor. The State could easily spend millions of dollars of scarce resources on RD&D rather than investing that same money in “tried and true” infrastructure like biomass power plants to produce electricity.

A Specific Task to Implement Tier 1 #1(b)

In order to quadruple the existing installed and operating capacity of biomass infrastructure, the U.S. Forest Service, California Region, would need to completely overhaul their current management direction for the Sierra Nevada Mountains.

Currently, the Forest Service acknowledges there are 8 million acres at risk to catastrophic wildfire on the national forests in the Sierra Nevada Mountains. Their management direction (January 2004, “Sierra Nevada Forest Plan Amendment”) is to only treat 0.3 percent of the standing volume annually, which is 1/5 of the net growth and will lead to the forests continuing to become **denser** than they are now (Record of Decision, p. 3). The Forest Service management strategy for the Sierra Nevada Mountains is simply to place and maintain strategically located fuel breaks on the landscape to try to reduce the rate of spread of catastrophic wildfire, not reduce or eliminate the number or frequency of wildfires.

The Forest Service in California is currently performing fuels reduction on about 100,000 acres/year of which an ever-increasing amount is fuel break maintenance, hence, a constantly declining number of initial treatment acres. Over the next 20 years, the Forest Service will treat less than 2 million of the 8 million acres of forestlands at risk to catastrophic wildfire. Further, much of the current accomplishment is mechanical treatment leaving the biomass scattered on-site or piled and burned on-site. Only a small fraction of the biomass is chipped and hauled to a biomass power plant, in large part due to long haul distances and associated cost.

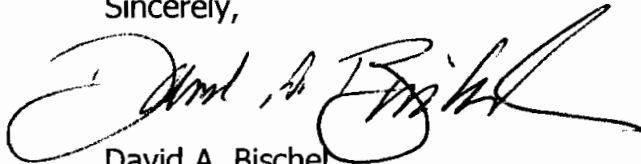
An aggressive approach to return health to the Sierra Nevada national forests in California over the next 20 years could produce annually at least 5-10 million bone dry tons or more of additional forest biomass to fuel power plants.

To achieve this dramatic Forest Service policy change, Governor Schwarzenegger would have to make another trip to Washington, D.C. The Governor would have to meet with President Bush and Agriculture Secretary Mike Johanns in order to achieve this dramatic policy change.

The specific task associated with Tier 1 #1(b) is offered to start the process of developing detail necessary for each policy action item. When this level of detail is accomplished and incorporated, then CEC will truly have A Bioenergy Action "Plan" that would have a chance to be implementable.

Please feel free to call on the California Forestry Association to assist in developing the tasks needed to make the proposed Bioenergy Action Plan a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Bischof", written in a cursive style.

David A. Bischof
President

Enclosure: Biomass Power Plants in existence since 1990

Plant Name	Owner	Town/City	County	Net MW	Gross MW	Status	Buyer	Contract	Next Cliff	How near opn
Big Valley	Big Valley Lumber	Bieber	Lassen	7.5	8.3	Idle				
Burney Forest Power	Connectiv	Burney	Shasta	31	35	Operational	PG&E	5.37	fall 2006	near
Collins Pine	Collins Companies	Chester	Plumas	12	13.3	Operational	PG&E	5.37	fall 2006	
Auberry	Yonke Energy	Auberry	Fresno	7.5	8.3	Idle				far
Mecca	Colmac Energy	Mecca	Riverside	47	52	Operational	SCE	5.37	4/30/2007	
Diamond Walnut	Diamond Walnut	Stockton	San Joaquin	4.5	5	Operational	PG&E	5.37	fall 2006	
Fairhaven Power	Eel River Sawmill	Eureka	Humboldt	17.5	21	Operational	PG&E	SO4, SRAC	2017	
GP Fort Bragg	Georgia Pacific	Fort Bragg	Mendocino	15	17	Idle				near
Ione	Jackson Valley Energy	Ione	Anaconda	16	18	Idle				near
Modesto Energy	Enpower Corp	Modesto	14	15.2	Idle					near
Blue Lake	North American Power	Blue Lake	Humboldt	10.5	11.5	Idle				near
HL Power	CMS	Susanville	Lassen	30	33	Operational	PG&E	5.37	fall 2006	
Pacific Lumber	Pacific Lumber Co.	Scottia	Humboldt	19	27.5	Operational	PG&E	5.37	fall 2006	
Standard Fibreboard	Standard Co.	Sonora	Tuolumne	3	3.3	Operational	PG&E	5.37	fall 2006	
Burney	Covanta	Burney	Shasta	10	11	Operational	PG&E	5.37	fall 2006	
Westwood	Westwood	Westwood	Lassen	12	13.3	Operational	PG&E	5.37	fall 2006	
Oroville	Covanta	Oroville	Butte	18	20	Operational	PG&E	5.37	fall 2006	
Blue Diamond	Blue Diamond Growers	Sacramento	Sacramento	8.5	0	Discontinued				
Chinese Station	Ultrapower	Chinese Station	Tuolumne	25	27.5	Operational	PG&E	5.37	fall 2006	
Fresno	Rio Bravo	Fresno	Fresno	25	28	Operational	PG&E	5.37	fall 2006	
Rocklin	Community Recycling	Rocklin	Placer	25	28	Operational	PG&E	5.37	fall 2006	
Madera	Community Recycling	Madera	Madera	25	28	Operational	PG&E	neg all-in	2012	
Chowchilla	San Joaquin Valley Energy	Chowchilla	Madera	10	11	Idle				far
Chowchilla II	San Joaquin Valley Energy	Chowchilla	Madera	10	11	Idle				mid
El Nido	San Joaquin Valley Energy	El Nido	Merced	10	11	Idle				
Sierra Power	Sierra Forest Products	Terra Bella	Tulare	9.5	11	Operational	PG&E	neg all-in	2013	
SPI Burney	Sierra Pacific Industries	Burney	Shasta	9.5	11	Operational	PG&E	5.37	fall 2006	
SPI Lincoln	Sierra Pacific Industries	Lincoln	Placer	5	6	Operational	PG&E	5.37	fall 2006	
SPI Loyton	Sierra Pacific Industries	Loyton	Sierra	10	11	Operational	Sierra Pwr	5.37	fall 2006	
SPI Quincy	Sierra Pacific Industries	Quincy	Plumas	12.5	14	Operational	PG&E	5.37	fall 2006	
SPI Susanville	Sierra Pacific Industries	Susanville	Lassen	9.8	11	Idle	PG&E	5.37	fall 2006	near
SPI Sonora	Sierra Pacific Industries	Sonora	Tuolumne	3.5	4	Operational	various	merchant	na	
SPI Hayfork	Sierra Pacific Industries	Sonora	Trinity	10	11	Idle				far
Feather River	Energy Factors	Feather River	Yuba	16.5	0	Discontinued				
Delano	AES	Delano	Kern	50	56	Operational	SDG&E	RPS	12/31/2007	
Mendota	AES	Mendota	Fresno	25	28	Operational	PG&E	5.37	fall 2006	
Koppers	Koppers Co.	Oroville	Butte	5.5	0	Discontinued				
Woodland	Xcel Energy	Woodland	Yuba	25	28	Operational	PG&E	5.37	fall 2006	
Tracy	GWF Power	Tracy	San Joaquin	18.5	20.3	Operational	PG&E	5.37	fall 2006	
Williams	Wadham Energy	Williams	Colusa	25	27.5	Idle	PG&E	5.37	fall 2006	mid
Brawley	Primary Power	Brawley	Imperial	15	17	Idle	PG&E	5.37	fall 2006	
Shasta	Wheelabrator	Anderson	Shasta	50	55	Operational	PG&E	5.37	fall 2006	
Shasta 2	Wheelabrator	Anderson	Shasta	3	3	Idle	PG&E	5.37	fall 2006	near
Hudson	Wheelabrator	Anderson	Shasta	7	7.5	Idle	PG&E	neg all-in	2007	near
Martell	Wheelabrator	Martell	Anaconda	18	20	Idle				near
Soledad	Yanke Energy	Soledad	Monterey	13.5	15	Idle	DWR	neg all-in	2006	
Dinuba	Community Recycling	Dinuba	Tulare	11.5	13	Operational	PG&E	neg all-in	2012	
Lindsey Olive	Lindsey Olive Co.	Dinuba	Tulare	2.2	0	Discontinued				
North Fork	North Fork Lumber	North Fork	Tulare	8	0	Discontinued				
Agrio	Agrio Cogen	Agrio	Madera	25	0	Discontinued				
Gaylord	Gaylord Paper	Gaylord	Fresno	30	0	Discontinued				
Jan Weld	Jan Weld Ind.	Jan Weld	Contra Costa	2.5	0	Discontinued				
Roseburg	Roseburg Lumber	Roseburg	Lassen	4	0	Discontinued				
Paul Buryan	Paul Buryan Lumber	Paul Buryan	Shasta	3	0	Discontinued				
Redding Power	City of Redding	Redding	Shasta	25	0	Discontinued				
Simpson	Simpson Paper Co.	Redding	Humboldt	29	0	Discontinued				
Aracata	Aracata Redwood	Aracata	Del Norte	8	0	Discontinued				
P and G	Procter & Gamble	Long Beach	Los Angeles	13.5	0	Discontinued				
Apex	Apex Orchards	Bakersfield	Kern	5.5	0	Discontinued				
Lassen	Lassen College	Lassen	Lassen	1.5	0	Discontinued				far
Redwood	Redwood Foods	Redwood	Stanislaus	4.5	0	Discontinued				

neg all-in = negotiated contract, energy-only price
5.37 = 5.37-cent substitution for SRAC in SO-4
RPS = competitive RFP winner

MW Totals 929 815.5
Operating net MW 556
Operating Gr. MW 642.4